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AUG. 1, 2004



BEFORE THE BOARD OF MILK CONTROL
OF THE STATE OF MONTANA
ANNOUNCEMENT OF CLASS I, II & III PRODUCER PRICES



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PRODUCER CLASS I PRICE IN MONTANA

REF: ARM 32.24.301(5)

CLASS I PRICE FOR MILK TESTING 3.5%
CLASS I BUTTERFAT PRICE PER POUND

\$17.17 /CWT
\$2.12 /LB

EFFECTIVE SEPTEMBER 1, 2004:

The minimum price to pay milk producers, under ARM 32.24.301, is \$17.17 per hundred pounds of milk testing 3.5% butterfat, f.o.b. the milk distributor's plant.

When milk does not test 3.5% butterfat, compute the applicable price by applying a differential of 21.2 cents for each one-tenth of one percent butterfat above or below the midpoint of each producer payment. The value of one pound of butterfat utilized will be \$2.12.

PRODUCER CLASS II PRICE IN MONTANA

REF: ARM 32.24.301(6)

CLASS II PRICE FOR MILK TESTING 3.5%

\$13.14 /CWT

Average spray process dry milk solids
price per pound = \$0.93125
Multiplied by 8.2 x 8.2

\$7.63630

Last quote of the month for Grade AA butter
minus a differential of \$.0895 = \$1.60050
Multiplied by 4.2 x 4.2

\$6.72210

LESS a make allowance of 8.5% (\$14.3584 X .085)

+ \$6.72210
\$14.35840
- \$1.22046
\$13.13794

Rounded to the nearest whole cent = \$13.14 /hundredweight.

STATE DOCUMENTS COLLECTION

AUG 09 2004

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1515 E. 6TH AVE.
HELENA, MONTANA 59620

\$7.63630

CLASS II BUTTERFAT PRICE PER POUND**\$1.78 /LB**

Last quote of the month for Grade AA butter				
minus a differential of \$.0895	=	\$1.60050	X .111)	=
Rounded to the nearest half cent				=
				\$0.17766
				\$0.178

Butterfat value per pound		
for milk at 3.5% test:	\$1.78	

Hundredweight price of milk testing 3.5%		=	\$13.14
LESS 3.5 pounds of butterfat at	\$1.78 per pound	=	\$6.230
Value of 96.5 pounds of skim		=	\$6.910

**CLASS II VALUE OF
ONE POUND OF SKIM**

6.910 / 96.5 pounds)	=	\$0.07161 /LB
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PRODUCER CLASS III PRICE IN MONTANA

REF: ARM 32.24.301(7)

CLASS III PRICE PER CWT FOR MILK TESTING 3.5%**\$11.16 /CWT**

3.5 pounds of butterfat	\$1.44 per pound =	\$5.040
96.5 pounds of skim	\$0.06338 per pound =	\$6.116
		\$11.156 /CWT

CLASS III BUTTERFAT PRICE PER POUND**\$1.44 /LB**

Last quote of the month for Grade AA butter		
minus a difference of \$.0895	=	\$1.60050
LESS 10%	-	\$0.16005
		\$1.44045

Rounded to the nearest whole cent	=	\$1.44 per pound.
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CLASS III PRICE PER CWT FOR SKIM MILK UTILIZED**\$6.33809 /CWT**

Avg. spray process dry milk solid price/lb :	\$0.93125
Multiplied by 8.2	8.2
	\$7.63625
LESS 17%	\$1.29816
	\$6.33809

Rounded to the nearest whole cent	\$6.34 per hundredweight.
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BY ORDER OF THE MONTANA MILK CONTROL BUREAU

Compiled by:

Monte Nick
 Monte Nick, Bureau Chief
 Montana Milk Control Bureau

BREAKDOWN BY TEST FOR CLASS I, II & III SKIM PRICES

CLASS I SKIM PRICE BASED ON \$17.17 FOR 3.5% MILK 96.5 LBS = \$9.750		CLASS II SKIM PRICE BASED ON \$13.14 FOR 3.5% MILK 96.5 LBS = \$6.910		CLASS III SKIM PRICE BASED ON \$11.16 FOR 3.5% MILK 96.5 LBS = \$6.116	
TEST	PRICE/LB	TEST	PRICE/LB	TEST	PRICE/LB
2.50	\$0.10000	2.50	\$0.07087	2.50	\$0.06273
2.55	\$0.10005	2.55	\$0.07091	2.55	\$0.06276
2.60	\$0.10010	2.60	\$0.07094	2.60	\$0.06280
2.65	\$0.10015	2.65	\$0.07098	2.65	\$0.06283
2.70	\$0.10021	2.70	\$0.07102	2.70	\$0.06286
2.75	\$0.10026	2.75	\$0.07105	2.75	\$0.06289
2.80	\$0.10031	2.80	\$0.07109	2.80	\$0.06292
2.85	\$0.10036	2.85	\$0.07113	2.85	\$0.06296
2.90	\$0.10041	2.90	\$0.07116	2.90	\$0.06299
2.95	\$0.10046	2.95	\$0.07120	2.95	\$0.06302
3.00	\$0.10052	3.00	\$0.07124	3.00	\$0.06305
3.05	\$0.10057	3.05	\$0.07127	3.05	\$0.06309
3.10	\$0.10062	3.10	\$0.07131	3.10	\$0.06312
3.15	\$0.10067	3.15	\$0.07135	3.15	\$0.06315
3.20	\$0.10072	3.20	\$0.07138	3.20	\$0.06318
3.25	\$0.10078	3.25	\$0.07142	3.25	\$0.06322
3.30	\$0.10083	3.30	\$0.07146	3.30	\$0.06325
3.35	\$0.10088	3.35	\$0.07150	3.35	\$0.06328
3.40	\$0.10093	3.40	\$0.07153	3.40	\$0.06332
3.45	\$0.10098	3.45	\$0.07157	3.45	\$0.06335
3.50	\$0.10104	3.50	\$0.07161	3.50	\$0.06338
3.55	\$0.10109	3.55	\$0.07164	3.55	\$0.06341
3.60	\$0.10114	3.60	\$0.07168	3.60	\$0.06345
3.65	\$0.10119	3.65	\$0.07172	3.65	\$0.06348
3.70	\$0.10125	3.70	\$0.07175	3.70	\$0.06351
3.75	\$0.10130	3.75	\$0.07179	3.75	\$0.06355
3.80	\$0.10135	3.80	\$0.07183	3.80	\$0.06358
3.85	\$0.10140	3.85	\$0.07187	3.85	\$0.06361
3.90	\$0.10146	3.90	\$0.07190	3.90	\$0.06364
3.95	\$0.10151	3.95	\$0.07194	3.95	\$0.06368
4.00	\$0.10156	4.00	\$0.07198	4.00	\$0.06371
4.05	\$0.10162	4.05	\$0.07202	4.05	\$0.06374
4.10	\$0.10167	4.10	\$0.07205	4.10	\$0.06378
4.15	\$0.10172	4.15	\$0.07209	4.15	\$0.06381
4.20	\$0.10177	4.20	\$0.07213	4.20	\$0.06384
4.25	\$0.10183	4.25	\$0.07217	4.25	\$0.06388
4.30	\$0.10188	4.30	\$0.07220	4.30	\$0.06391
4.35	\$0.10193	4.35	\$0.07224	4.35	\$0.06394
4.40	\$0.10199	4.40	\$0.07228	4.40	\$0.06398
4.45	\$0.10204	4.45	\$0.07232	4.45	\$0.06401
4.50	\$0.10209	4.50	\$0.07236	4.50	\$0.06404

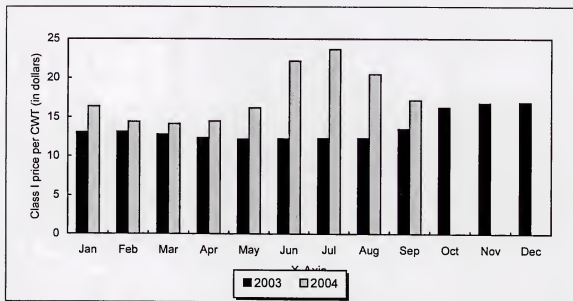
PRODUCER CLASS I PRICE IN MONTANA

Charts below show a class I price comparison for 2003 and 2004

Statistics from the Montana Milk Control Bureau

Month	2003	2004	Difference	% Change
January	\$13.07	\$16.39	\$3.32	25.40%
February	\$13.11	\$14.40	\$1.29	9.84%
March	\$12.78	\$14.14	\$1.36	10.64%
April	\$12.36	\$14.49	\$2.13	17.23%
May	\$12.19	\$16.19	\$4.00	32.81%
June	\$12.26	\$22.20	\$9.94	81.08%
July	\$12.29	\$23.68	\$11.39	92.68%
August	\$12.32	\$20.50	\$8.18	66.40%
September	\$13.52	\$17.17	\$3.65	27.00%
October	\$16.26			
November	\$16.82			
December	<u>\$16.92</u>			
Average	\$13.66	\$17.68	\$5.03	40.34%

Prices are per hundredweight (CWT).

**Completion of pooling (prior to audit) shows the producer quota blend prices to be:**

JUNE 2004: class I = \$10.65; class II = \$2.07; Class III = \$5.31; total = \$18.03

(calculations based upon utilization percentages of butterfat & skim)